

Message Text

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PAGE 01 BOGOTA 05304 062131Z
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 TRSE-00 L-03 AID-05
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FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 8363
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LIMITED OFFICIAL USE BOGOTA 5304

DEPT: PLEASE PASS TO EX-IM BANK FOR SIMONINI

E.O. 11652: N/A
TAGS: BPRO, EFIN, CO
SUBJ: BUSINESS PROPOSALS: DEVELOPMENTS ON CONSTRUCTION
EQUIPMENT TENDER

REF: A) STATE 012690; B) BOGOTA 4496; C) BOGOTA 0853;
D) PASTORINO SIMONINI TELCON.

1. RECENT DEVELOPMENTS ON PUBLIC WORKS MINISTRY CONSTRUCTION
EQUIPMENT TENDER DETAILED IN BOGOTA 4496. ADDITIONAL INFORMATION
AS FOLLOWS:

2. TENDER WILL CONTINUE TO BE CONTROVERSIAL. ECONOMIC WRITER
FOR LEADING BOGOTA DAILY WROTE MAY 30 ARTICLE DECLARING TENDER
PROBABLY WOULD AGAIN BE NULLIFIED BY ATTORNEY GENERAL'S
OFFICE BECAUSE IT WAS DESIGNED FOR ONLY ONE COUNTRY-EAST
GERMANY. ARTICLE ALSO CHARGED THAT VICE-MINISTER
OF PUBLIC WORKS HAD VISITED EAST GERMANY AND FOUND EQUIPMENT
SUB-STANDARD.

3. PRESS PUBLISHED ON JUNE 2 COPY OF GOC INTERNAL MEMORANDUM
APPARENTLY FROM ATTORNEY GENERAL'S OFFICE MAKING FOLLOWING
POINTS.

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A) EAST GERMAN/COLOMBIA PROTOCOL SIGNED IN 1975
PROVIDING FOR CREDIT TO COLOMBIA FOR PURCHASE OF EQUIPMENT
ON CONCESSIONAL TERMS IS LEGAL.

B) AUTHORIZATION BY GOC TO PUBLIC WORKS TO DEMAND
CREDIT TERMS OF 6 PERCENT MAXIMUM INTEREST AND 10 YEARS
MINIMUM PAYBACK PERIOD IS LEGAL.

C) THE FACT THAT 30 OFFERS WERE RECEIVED INDICATES

THAT THE TERMS CAN BE MET BY WESTERN COMPANIES.

D) THE RENEWED BIDDING PROCESS IS LEGAL AND DOES NOT EXCLUDE SUPPLIERS OF ANY COUNTRY.

E) THE FINAL AWARD OF THE CONTRACT WILL BE MADE BY THE NEXT ADMINISTRATION(WHICH TAKES OFFICE IN AUGUST).

4. THE JI CASE REP IN COLOMBIA CONFIRMED TO COMMATT THAT CASE WOULD SOURCE SUPPLY FROM BRAZIL BECAUSE COSEX HAD GIVEN 6 PERCENT-10 YEAR FINANCING ON FIRST BID AND WOULD DO SO AGAIN ON SECOND BID.

5. DURING MEETING WITH VICE MINISTER OF PUBLIC WORKS AND HIS ADVISERS ON JUNE 1, COMMATT WAS INFORMED THAT BID PROCESS WOULD GO FORWARD AS PLANNED. VICE-MINISTER NOTED IMPORTANCE OF FIRST STAGE OF RE-EQUIPMENT OF MINISTRY AND AGAIN NOTED THAT SECOND STAGE WOULD FOLLOW LATER IN YEAR. ADVISOR TO MINISTER ADMITTED THAT MINISTRY AWARE OF FACT THAT SOME BASE PRICES OF EQUIPMENT WOULD BE INCREASED TO COMPENSATE FOR SUPPLIER'S NEED TO SUBSIDIZE COMMERCIAL INTEREST RATE TO MEET 6 PERCENT LEVEL.

DREXLER

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